



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
Cory Fong, Commissioner

To: North Dakota Sales, Use and Gross Receipts Tax Permit Holders

Subject: Tax Changes Effective July 1, 2007

Date: April 24, 2007

State Lodging Gross Receipts Tax (Local Code 600)

The State 1% Lodging Gross Receipts Tax imposed on July 1, 2003 to help fund the Lewis and Clark Celebration will sunset effective July 1, 2007. Retailers should no longer charge the 1% Lodging Gross Receipts Tax on sales made on or after July 1, 2007. Keep in mind the sale does not occur until the room is occupied. If a guest makes a reservation before July 1, 2007 for a period of time after July 1, 2007, the 1% Lodging Gross Receipts Tax **would not** apply.

The following summarizes the local option tax changes effective July 1, 2007. More detailed information will be mailed to permit holders located within the cities where rate changes occurred.

Halliday

The city of Halliday made the following change to its city sales, use and gross receipts tax:

- Included Contractor Limited Exemption when a Contractor's Certificate is used.

Mapleton

The city of Mapleton will impose a city sales, use and gross receipts tax of one percent (1%) effective July 1, 2007. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 218.
- Includes Maximum Tax (Refund Cap) of \$25.00 per transaction.
- Does not provide for Permit Holder Compensation.

Valley City

The city of Valley City will increase its city sales, use and gross receipts tax by one-half percent (.5%). The tax rate for Valley City starting July 1, 2007 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$50.00 per transaction.

Refund Cap

Effective October 1, 2005, a change in North Dakota Century Code required retailers to begin collecting the full amount of local tax without regard to the Maximum Tax (Refund Cap) identified in the local jurisdiction's ordinance. When a refund cap applies, the purchaser may apply to the Office of State Tax Commissioner for a refund of the amount of city tax paid in excess of the Maximum Tax (Refund Cap) identified in the ordinance.

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Contractor Limited Exemption

Some local tax ordinances include a Contractor Limited Exemption. When this exemption applies, local tax is not due to the local jurisdiction where the purchaser takes possession of the materials unless the materials are consumed or installed within that local jurisdiction. For more details about this exemption, see the Contractor section of the Local Option Taxes by Location guideline.

The following summarizes the city lodging and city lodging and restaurant tax changes effective July 1, 2007. More detailed information will be mailed to applicable permit holders located within the city where the changes occurred.

Drayton

The city of Drayton will impose a 2% City Lodging Tax effective July 1, 2007 on the following:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month.

The city of Drayton will impose a 1% City Lodging & Restaurant Tax effective July 1, 2007 on the following:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month;
- Gross receipts of restaurants or bars from sales of prepared food and non-alcoholic beverages;
- On-sale alcoholic beverages.

More information on state and local sales, use and gross receipts taxes is available on our web site at www.nd.gov/tax. Rate charts are also available on our web site. You may also contact the Sales & Withholding Tax Section at (701) 328-3470 or by e-mail at salestax@nd.gov.